

What a Developmental View Can Do for You
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The main thrust of this presentation is based on some controversial results that describe how diverse groups of “average” people acting together solve problems better than experts do.

Diversity leads to better answers and a lack of diversity can create inefficiencies. The collective is better than the average individual with a maze problem:

- First, Dr. Johnson asks individuals of identical capabilities to solve a maze. Because the individuals have no global sense of the problem, they simply explore until they find a solution.
- Next, he asks the individuals to solve the problem again. With some learned information, they tend to improve.
- Finally, he constructs a linear combination of each individual’s experiences and uses the same rules to find a collective solution.

Because each individual's initial search is random, a collection of individuals reflects diverse experience (maze regions), preferences (preferred paths), and performance (path lengths). So the collective is really just a normal individual with super information. Because of this diverse information, the collective solution is vastly more robust than average individual solution.

Now think carefully for a moment about your information sources for your investments. Do you read the same newspapers, talk to the same people, and review the same type of research reports over and over? Or do you allocate time to entertain new ideas, even at the risk of wasting time on intellectual cul-de-sacs? There is strong evidence to suggest that the leading thinkers in many fields—not just investing—benefit from input diversity.